



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

00025/055/006

Michael O. Leavitt
Governor

David T. Terry
Director

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Salt Lake City, Utah 84102-2818
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801-355-0922 (Fax)

November 21, 1996

CERTIFIED MAIL NO. P 879 601 518

Mr. Dick Shumway
1810 Shumway Lane
Moab, UT 84532

RE: S/055/006 and ML 44815--Clay

Dear Mr. Shumway,

I have learned that in 1992 the Division of Oil, Gas & Mining (DOGM) issued you a small mine permit, No. S/055/006, for the mining of humic shales from state Trust lands, in Section 2, SW¼, T27S, R9E, SLB&M, Wayne County. This is the site of the abandoned Atlas-Dirty Devil coal mine which was reclaimed by the Division of State Lands & Forestry, in 1985. I understand that you received the mining permit from DOGM pursuant to your January 22, 1991, Notice of Intent in which you listed yourself as the owner of state Phosphate lease no. ML 45082. On December 18, 1992, you signed an Affidavit again listing ownership of ML 45082--Phosphate for purpose of qualifying for exemption from regulation under the Utah Coal Regulatory Program, although this lease had been canceled by the state more than one year earlier, on December 9, 1991.

I am writing to advise that you presently have no lease, license or permit from the School and Institutional Trust Lands Administration to mine humic shales or any other mineral commodity from the above described lands. Issuance of a mining permit by DOGM does not authorize you to commence mineral exploration or mining upon state Trust lands for which you do not hold the proper mineral lease.

Humic shales are leased by the School and Institutional Trust Lands administration under its Clay lease classification. The above described land is presently leased for Clay to Duvels Corp., c/o Duane Frandsen, 395 West 4650 North. Provo UT 84604, under mineral lease ML 44815.

Any exploration or mining of humic shales or coal which you may have conducted on the above described state trust lands is in trespass. All such operations must immediately cease and any surface disturbances must be reclaimed to the satisfaction of the Trust Lands Administration. Please contact me if you have any questions regarding the required reclamation or the leasing of state Trust lands.

Sincerely,

John T. Blake
Mineral Resources Specialist

cc: Jim Cooper
John Andrews
Wayne Hedberg
Duvels Corp.



0002